

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 EB-03 PRS-01 NSC-05 NSCE-00 INR-05

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AMEMBASSY GUATEMALA IMMEDIATE

AMEMBASSY MANAGUA IMMEDIATE

AMEMBASSY SAN JOSE IMMEDIATE

AMEMBASSY SAN SALVADOR IMMEDIATE

USCINCSO

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E.O. 11652: N/A

TAGS: PINT, HO

SUBJECT: FURTHER REACTIONS TO UB BRIBERY STORY

REF: TEGUCIGALPA 1430, 1432

1. UB BRIBERY STORY CONTINUES TO RECEIVE HEAVY PRESS COVERAGE.
LA NOTICA'S APRIL 11 EDITION DEVOTED ITS LEAD EDITORIAL
AND ITS ENTIRE FRONT PAGE TO THE SCANDAL. THE FRONT
PAGE HEADLINE QUOTES MAX VELASQUEZ (MEMBER OF
POLITICAL COMMISSION OF THE LIBERAL PARTY) AS SAYING
"THE PUBLIC WILL BELIEVE THAT THERE IS ALSO BRIBERY
CONCERNING THE PROBLEM WITH EL SALVADOR." IN A NON-
SEQUITUR, VELASQUEZ SAYS THAT IF THERE HAS BEEN
BRIBERY IN THE CASE OF THE BANANA TAX THAT THERE CAN
BE NO GUARANTEE THAT THERE HAS BEEN NO BRIBERY
CONNECTED WITH THE EL SALVADOR-HONDURAS NEGOTIATIONS. VELASQUEZ
SAID THAT THE SCANDAL ARRIVED WHEN THE COUNTRY IS AT
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ONE OF ITS WEAKEST POINTS IN HISTORY AND, WITHOUT

MAKING A SPECIFIC ASSUSATION, VELASQUEZ' COMMENTS MADE CLEAR THAT HE REGARDS THE CHARGES AGAINST LOPEZ AS PROBABLY BEING TRUE. HE ADDED THAT HE DOUBTED THAT THE NEWLY NAMED INVESTIGATIVE COMMISSION WOULD BE VERY SUCCESSFUL. HE FINISHED HIS COMMENTS SAYING THAT THE NATIONAL INTEREST REQUIRES A RAPID RESOLUTION OF THE QUESTION.

2. LANOTICIA ALSO CARRIED COMMENTS ON ITS FRONT PAGE BY THE PRESIDENT OF THE CENTRAL COMMITTEE OF THE NATIONALIST PARTY, RAFAEL BARDALES BUESO. ACCORDING TO LA NOTICIA, BARDALES SAID THAT THE NATION'S HONOR HAS BEEN SHATTERED. HE SAID THAT THE INVESTIGATIVE COMMISSION IS "NOT SUFFICIENTLY REPRESENTATIVE" AND THAT IT SHOULD BE FORMED BY PERSONS INDEPENDENT OF THE GOVERNMENT. BARDALES QUESTIONS THE GOH'S CURRENT CAPACITY TO GET FOREIGN CREDITS BECAUSE OF THE LOSS OF NATIONAL HONOR AND URGED THE FORMATION OF A TRANSITIONAL GOVERNMENT TO PAVE THE WAY FOR A RETURN TO CONSTITUTIONAL GOVERNMENT. ALSO ON LA NOTICIA'S PAGE ONE APPEARED PHOTOS OF THE MEMBERS OF THE INVESTIGATING COMMISSION UNDER THE CAPTION: "SEVEN MEN AND ONE DESTINY". LA NOTICIA'S LEAD EDITORIAL MADE SEVERAL POINTS ABOUT THE SCANDAL. FIRST, "TO BE SINCERE, THERE HAVE ALWAYS BEEN QUESTIONS CONCERNING THE HONESTY OF OUR PUBLIC OFFICIALS, INCLUDING CHIEFS OF STATE" LA NOTICIA STATED THAT MOST HONDURAN PRESIDENTS HAVE LEFT OFFICE IN EXCELLENT FINANCIAL CONDITION AND THEN MENTIONED THAT AFTER YEARS IN POWER, LOPEZ IS A WEALTHY MAN. SECONDLY, THE EDITORIAL COMMENTED THAT IT IS STILL TOO EARLY TO MAKE A JUDGEMENT BUT THAT" THE INFORMATION COMES FROM A COMMISSION OF THE U.S. SENATE (SIC) THAT HAS BEEN CHARACTERIZED BY ITS SERIOUSNESS". THE WRITER EMPHASIZED THAT "IGNORING THE CHARGES THROUGH FALSE POSTURES OF PATRIOTISM" WILL LEAD TO NOTHING AND THAT IT THERE ARE GUILTY PARTIES THEY MUST BE PUNISHED UNDER THE LAW. THIRDLY, LA NOTICIA COMMENTED THAT SINCE THE LT. COLONELS' GROUP WITHIN THE HONDURAN MILITARY HAS CLAIMED TO WANT ADMINISTRATIVE HONESTY, THE OFFICERS HAVE AN EXCELLENT OPPORTUNITY TO PROVE LIMITED OFFICIAL USE

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IT NOW.

3. HONDURAS OTHER AFTERNOON DAILY, ELDIA, ALSO GAVE HEAVY COVERAGE TO THE UB STORY ON APRIL 11. FRONT PAGE COVERAGE WAS GIVEN THE STATEMENT CREDITED TO THE COORDINATOR OF THE INVESTIGATIVE COMMISSION (HONDURAN UNIVERSITY PRESIDENT JORGE ARTURO REINA) THAT THE COMMISSION WILL DEMONSTRATE "THAT IN HONDURAS THERE

ARE MEN DISPOSED TO TELL THE TRUTH". EL DIA ALSO CARRIED ON ITS FRONT PAGE AN ARTICLE SAYING THAT THE DEPARTMENT OF STATE, IN A LETTER DIRECTED TO A LAWYERS' FIRM HAD DENIED COOPERATING WITH UB ON THE BRIBERY QUESTION. THE OTHER UB-LOPEZ RELATED ITEM CARRIED ON PAGE ONE WAS AN ACAN-EFE STORY, DATEDLINE PANAMA, DETAILING REACTION IN OTHER LATIN COUNTRIES. THAT ARTICLE GAVE PROMINENT COVERAGE TO DAVID PERE, PANAMANIAN AMBASSADOR TO COSTA RICA, WHO ONCE AGAIN RAISED THE OLD STORY ABOUT AN ALLEGED STANDARD FRUIT PLOT TO ASSASSINATE GENERAL TORRIJOS. THE ARTICLE PROCEEDED TO GIVE AN "HISTORICAL" TREATMENT OF OTHER FRUIT COMPANY HORROR STORIES AND CONCLUDED BY SAYING "THERE IS NOW A POSSIBILITY TO TAKE DECISIVE ACTION TO END, FOREVER, THIS LONG DARK AND DIRTY HISTORY OF A NORTH AMERICAN COMPANY PERHAPS ON THE POINT OF EXTINCTION."

4. MORNING PAPERS OF APRIL 12 CONTINUED THEIR COVERAGE OF THE UB-LOPEZ SCANDAL. LA PRENSA'S LEAD EDITORIAL, ENTITLED "THE DIFFICULT TASK OF THE INVESTIGATIVE COMMISSION", EXPRESSED PESSIMISM THAT THE COMMISSION CAN OBTAIN SPECIFIC INFORMATION. LA PRENSA SAID THAT THE GROUP WILL FIRST PROBABLY TURN TO THE WALL STREET JOURNAL, WHICH WILL TELL THEM NOTHING PLEADING PRESS IMMUNITIES; THEN THE SEC WILL TELL THEM THAT THE RESULTS OF THEIR INVESTIGATION WILL BE PROVIDED TO THE APPROPRIATE OFFICE OF THE USG. THEN THEY WILL GO TO THE DEPARTMENT OF STATE AND BE TOLD ONLY THAT THE USG "CONDEMNS THE EPISODE". THEN, IF THEY GO TO SWITZERLAND, THEY WILL ALSO LEARN NOTHING BECAUSE OF THE NATURE OF THE SWISS BANKING LAWS. THE EDITORIAL CONCLUDES SAYING "NOT WITHSTANDING THESE OBSTACLES, WE HOPE THAT THEY (THE COMMISSION) WILL ACHIEVE THE IMPOSSIBLE SO THAT LIMITED OFFICIAL USE

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THE HONDURAN PEOPLE KNOW THE TRUTH IN ORDER THAT THE HONOR AND PRESTIGE OF THE NATION REMAIN CLEAN".

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5. LA PRENSA ALSO PUBLISHED AN INTERVIEW WITH MINECON ABRAHAM BENNATON, WHO SAID THAT IN HIS JUDGMENT, "JUSTICE IS NOT BEING DONE TO GENERAL LOPEZ UNDER WHOSE LEADERSHIP THIS COUNTRY HAS ACHIEVED A SERIES OF IMPORTANT GAINS FOR THE HONDURAN PEOPLE". THE MINISTER ALSO STATED THAT RECENT EVENTS HAD MARKED BEGINNING OF A NEW RELATIONSHIP BETWEEN THE GOVERNMENT AND THE FRUIT COMPANIES. "CERTAIN MYTHS HAVE BEEN BROKEN, PRINCIPALLY THOSE THAT THE COMPANIES WERE INVULNERABLE, THAT THEY WERE ALL POWERFUL, AND THAT THEY COULD DO WHAT THEY LIKED. THIS MARKS THE BEGINNING OF THE MOVE TOWARD ECONOMIC LIBERATION THAT OUR GOVERNMENT HAS BEEN PURSUING....". BENNATON SAYS THAT IT IS NOT A QUESTION OF FIGHTING WITH THEM "BUT ARRIVING AT THE ESTABLISHMENT OF EQUITABLE RELATIONS BETWEEN THEIR INTERESTS AND OURS". PRENSA ALSO QUOTES BENNATON AS SAYING THAT THERE HAS BEEN A GREAT DEAL OF ACCEPTANCE OF THE BRIBERY STORY, BUT THAT THERE ARE NOT
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ENOUGH SOLID FACTS TO JUSTIFY SUCH A BELIEF.

6. EL CRONISTA, A MORNING DAILY, CARRIED THREE FRONT PAGE STORIES ON THE UB BRIBERY CHARGES IN ITS APRIL 12 EDITION. A UPI STORY FROM MEXICO DESCRIBES THE REACTION OF THE MEXICAN PRESS TO THE CHARGES AND A UP STORY DATEDILED TEGUCIGALPA REPORTS THAT 60 OFFICIALS

OF THE HONDURAN GOVERNMENT, INCLUDING CHIEF OF STATE LOPEZ, HAVE BEEN FORBIDDEN TO LEAVE THE COUNTRY WHILE THE COMMISSION IS INVESTIGATING THE GRIBERY CHARGES. IN ADDITION, IT STATES THAT ENRIQUE LOPEZ BALBOA, VICE PRESIDENT OF UNITED BRANDS FOR LATIN AMERICA, TESTIFIED BEFORE THE COMMITTEE. ANOTHER FRONT PAGE STORY QUOTES JORGE ARTURO REINA, COORDINATOR OF THE INVESTIGATING COMMISSION AND RECTOR OF THE NATIONAL UNIVERSITY, AS SAYING THAT THE PEOPLE OF HONDURAS CAN HAVE ABSOLUTE CONFIDENCE THAT THE COMMISSION WILL CLARIFY THE FACTS IN THE CASE IN THE SHORTEST TIME POSSIBLE. REPORTEDLY, HE STATED THAT THE INVESTIGATION WOULD BE CARRIED OUT ON THE BASIS OF A COMPREHENSIVE AND RATIONAL WORK PLAN. HE ALSO SAID THAT THE INVESTIGATION WOULD REQUIRE OBTAINING TESTIMONY FROM PEOPLE INVOLVED IN THE CASE BOTH IN HONDURAS AND ABROAD.

7. IN A STORY IN TIEMPO'S APRIL 12 EDITION THE PAPER SAYS THAT THE INVESTIGATIVE COMMISSION INTERVIEWED UB HONDURAS MANAGER HOUSTON LACOMBE AND UB VICE PRESIDENT ENRIQUE LOPEZ LATE ON THE EVENING OF APRIL 11. REPORTERS APPROACHED THE UB EXECUTIVES AS THEY LEFT THE SESSION AT 11:45 PM. NEITHER HAD A COMMENT. FOLLOWING THE SESSION COMMISSION SPOKESMAN JORGE ARTURO REINA SAID THAT THE "INVESTIGATION WILL PROCEED" AND THAT THE HONDURAN PEOPLE SHOULD HAVE COMPLETE CONFIDENCE THAT THEY WILL ARRIVE AT THE TRUTH".

8. TIEMPO PROVIDES CLARIFYING INFORMATION THAT THE LABOR UNION PROCLAMATION ATTRIBUTED TO SUTRAFSCO IN EARLIER REPORTING ACTUALLY WAS ISSUED BY THE INTERUNION COMMITTEE OF THE NORTH

9. TIEMPO ALSO DEVOTED ITS ENTIRE PAGE TWO TO AN LIMITED OFFICIAL USE

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INTERVIEW WITH JORGE BUESO ARIAS, THE 1970 LIBERAL PARTY PRESIDENTIAL CANDIDATE. BUESO SAID THAT GIVEN THE NATURE OF THE STEPS TAKEN BY THE SEC, A SERIOUS AND RESPONSIBLE AGENCY OF THE USG, HE DOES NOT DOUBT THAT UNITED FRUIT PAID THE \$1.25 MILLION. WHAT REMAINS TO BE PROVEN, HE SAYS, IS WHO RECEIVED THE MONEY. IF THEY ARE HONDURAN OFFICIALS THEY SHOULD BE PUNISHED TO THE FULL EXTENT OF THE LAW. SECONDLY, HE SAYS THAT THE HONDURAN PEOPLE ARE HONEST, HUMBLE, AND HARD WORKING AND NEED FEEL NO EMBARRASSMENT IF A PERSON NOT ELECTED BY THEM IS CORRUPT. HE SAYS THAT PART OF THE ACTION OF THE SEC IS DUE TO A NEW POST-WATERGATE MORALITY IN THE U.S. WHICH DOES NOT TOLLERATE CORRUPTION OF THIS SORT. AS PROOF OF THIS THEORY BUESO

SAYS "ACCORDING TO THE PUBLISHED ACCOUNTS, UB TRIED TO INDUCE THE USG TO KEEP THE INFORMATION THAT THE STATE DEPARTMENT GAVE TO THE SEC CONFIDENTIAL IN ORDER TO PROTECT THE COMPANY'S HONDURAN INTERESTS. THIS WAS EVIDENTLY NOT ACCEPTED".

BUESO SAID THAT THE GOH IS PARALYZED AND THAT THE COUNTRY WILL SUFFER FINANCIALLY BECAUSE CREDIT WILL NOT BE AVAILABLE TO A GOVERNMENT THOUGHT TO BE CORRUPT. HE ALSO CAUTIONED THE HONDURAN PEOPLE THAT IF THERE ARE GUILTY GOVERNMENT OFFICIALS THEY MIGHT TRY TO AVOID PUNISHMENT BY CREATING A SCAPEGOAT. FINALLY, BUESO ESTIMATED THAT BY REDUCING THE BANANA BAX BY HALF, THE GOH WOULD LOSE \$34 MILLION IN A FIVE YEAR PERIOD.

10. TIEMPO ALSO DEVOTED ITS LEAD EDITORIAL TO THE SCANDAL UNDER THE TITLE "RESPONSIBILITY OF THE INVESTIGATIVE COMMISSION". BASICALLY, TIEMPO SAYS THAT THE COMMISSION MUST DETERMINE WHO ARE THE PARTIES INVOLVED, WHERE ARE THE FUNDS AND WHO INITIATED THE PROCESS. TIEMPO URGED A COMPLETE INVESTIGATION AND REMINDED THE COMMISSION THAT THE MAJOR PORTION OF THE TASK LIES IN HONDURAS, RATHER THAN IN THE U.S.

11. A RADIO NETWORK (HRN) BROADCAST A STATEMENT THAT VICTOR MEZA, A JOURNALIST, WAS NAMED BY REINA TO CARRY OUT INFORMATION AND PUBLIC RELATION FUNCTIONS FOR THE FOR THE INVESTIGATING COMMITTEE. MEZA IS A STRONG PRO- LIMITED OFFICIAL USE

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LEFTIST.

12. COMMENT: THE VOLUME OF COMMENT IN THE PRESS AND ON THE RADIO HAS NOT SLACKENED. AS CAN BE SEEN FROM THE EMBASSY'S REPORTING, UNITED BRANDS AND MULTINATIONAL COMPANIES IN GENERAL ARE TAKING A BEATCQG. IN ADDITION, QUESTIONS ABOUT THE CHARGES HAVE LED TO A GREAT DEAL OF SPECULATION ABOUT THE "REAL TRUTH". WITHOUT DOUBT THE SPECULATION WILL CONTINUE AND PROBABLY INCREASE AS THE INVESTIGATING COMMITTEE ATTEMPTS TO ASCERTAIN THE FACTS IN THE CASE.

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